

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 20, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Felicity Wood/Ruben Barcelo

Applicant: California Public Finance Authority

Allocation Amount Requested:

Tax-exempt: \$23,170,000

Project Information:

Name: Villa Medanos
Project Address: 2811 Cadiz Lane
Project City, County, Zip Code: Antioch, Contra Costa, 94509

Project Sponsor Information:

Name: Reliant - East Bay, LP (Gung Ho - East Bay, LLC; and Rainbow - East Bay, LLC)
Principals: Joseph L. Sherman and J. Caskie Collet for Gung Ho - East Bay, LLC; and Flynnann Janisse for Rainbow - East Bay, LLC
Property Management Company: Reliant Property Management, LLC

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A./Reliant CAP IX, LLC
Cash Flow Permanent Bond: Reliant CAP IX, LLC
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: December 21, 2018
TEFRA Adoption Date: February 8, 2019

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 112
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Family

Villa Medanos is an existing project located in Antioch on a 4.79-acre site. The project provides 111 restricted rental units and one unrestricted manager unit distributed as 40 one-bedroom units and 72 two-bedroom units. Building exterior renovations will include new roof, windows and sliding glass doors, wood siding replacement and stucco repair, and fresh paint. Interior renovations will include new energy efficient lighting, community room improvements, new fitness center and upgrades to the elevator as needed. Individual apartment units will be updated with new cabinets and countertops, energy efficient appliances, wall heaters, new plumbing fixtures, plank flooring, ceiling fans, and washers and dryers in selected units. Site renovations will include landscaping upgrades, new community barbeque area, new signage, parking lot repairs and upgrades to the swimming pool areas. The rehabilitation is expected to begin in April 2019 and be completed in December 2019.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

11% (12 units) restricted to 50% or less of area median income households.

89% (99 units) restricted to 60% or less of area median income households.

Unit Mix: 1 & 2 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 36,495,870	
Estimated Hard Costs per Unit:	\$ 46,030	(\$5,155,317 /112 units including mgr. unit)
Estimated per Unit Cost:	\$ 325,856	(\$36,495,870 /112 units including mgr. unit)
Allocation per Unit:	\$ 206,875	(\$23,170,000 /112 units including mgr. unit)
Allocation per Restricted Rental Unit:	\$ 208,739	(\$23,170,000 /111 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 18,420,000	\$ 18,420,000
Tranche B Tax-Exempt Financing	\$ 0	\$ 0
LIH Tax Credit Equity	\$ 10,155,546	\$ 10,690,048
Deferred Developer Fee	\$ 2,034,261	\$ 1,499,759
Net Income From Operations	\$ 1,136,063	\$ 1,136,063
Total Sources	\$ 31,745,870	\$ 31,745,870
Uses of Funds:		
Land Cost/Acquisition	\$ 22,089,101	
Rehabilitation	\$ 5,515,677	
Relocation	\$ 29,700	
Contractor Overhead & Profit	\$ 403,200	
Architectural Fees	\$ 125,000	
Survey and Engineering	\$ 8,500	
Construction Interest and Fees	\$ 2,310,447	
Permanent Financing	\$ 415,115	
Legal Fees	\$ 96,833	
Reserves	\$ 399,460	
Appraisal	\$ 10,000	
Hard Cost Contingency	\$ 585,396	
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 425,330	
Developer Costs	\$ 4,082,111	
Total Uses	\$ 36,495,870	

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

54.5 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$23,170,000 in tax-exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	9
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	7.5
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	3
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	54.5